

1587

RECEIVED

JAN 2 1957

MISSOURI AUDITOR

OFFICIAL
FULL COPY

DO NOT SIGN OUT

(Make necessary
changes from this
copy and PLACE
MARKS IN RED)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
YEARS ENDED JULY 31, 1956 AND 1955
AND
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Under provisions of state law, this report is a public document. A copy of this report has been forwarded to the offices of the several, interested state departments and officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Reference Date.....**FEB 26 1957**

VINCENT A. MESSINA, JR.
A PROFESSIONAL ACCOUNTING CORPORATION

THE ST. CHARLES PRISON HOSPITAL SERVICE DISTRICT
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
 Years Ended July 31, 1996 and 1995

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements:	
Balance Sheet	3
Statement of Revenue, Expenses, and Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Accompanying Information:	
Auditor's Report on Information Accompanying the Basic Financial Statements	27
Investments	28
Goods Physical	29
Compliance Section:	
Independent Auditor's Report on Internal Control Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	22
Independent Auditor's Report on Compliance Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	23

VINCENT A. MESSINA, JR.

A PROFESSIONAL ACCOUNTING CORPORATION

Vincent A. Messina, A. CPA
Edward M. J. Moley, CPA
Carmela M. D'Albino, CPA
Arvin M. Messeri, CPA

MEMBER
American Institute of CPAs
Society of Louisiana CPAs

Board of Commissioners
The St. Charles Parish Hospital Service District
Belling, Louisiana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of The St. Charles Parish Hospital Service District as of July 31, 1996 and 1995, and the related statements of revenue, expenses, and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The St. Charles Parish Hospital Service District as of July 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 1996, on our consideration of the Hospital's internal control and a report dated December 20, 1996, on its compliance with laws and regulations.

Vincent A. Messina, Jr. APAC

December 20, 1996

THE ST. CHARLES VAHREN HOSPITAL SERVICE DISTRICT

BALANCE SHEET

July 31, 1998 and 1999

	<u>1998</u>	<u>1999</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 987,391	\$ 1,918,071
Investments	188,008	5,882,056
Accounts receivable less of estimated uncollectibles and allowances of \$88,888 (in 1998 and 1999)	5,127,899	3,774,438
Accounts receivable - other	78,588	58,283
Due from Medicare and Medicaid		388,571
Inventory	182,194	178,818
Prepaid expenses	<u>172,228</u>	<u>224,228</u>
Total current assets	<u>6,588,228</u>	<u>11,364,422</u>
Restricted Assets:		
Maintenance and operation Fund:		
Cash	88,451	85,789
Bond and Interest Redemption Fund:		
Cash	89,536	285,136
Investments	1,251,268	1,227,961
Prepaid expenses	242,525	
Construction Fund:		
Cash	624,124	5,327
Investments	<u>463,068</u>	<u></u>
	<u>2,868,022</u>	<u>1,524,222</u>
Property, plant and equipment	18,754,888	18,241,581
Less accumulated depreciation	<u>4,888,422</u>	<u>4,287,522</u>
	<u>11,738,581</u>	<u>11,851,822</u>
Other assets:		
Medical	<u>47,228</u>	<u>48,758</u>
	<u>221,231,412</u>	<u>224,934,222</u>

The accompanying notes are an integral part of these financial statements.

	<u>1988</u>	<u>1987</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets):		
Accounts payable	\$ 195,390	\$ 2,207,880
Accrued expenses:		
Vacation	200,331	170,138
Salaries	248,225	318,276
Retirement	91,879	76,210
Payroll and other taxes	5,211	4,831
Insurance and other withholdings	3,395	888
Current maturities of long-term debt	74,749	94,433
Due to Medicare and Medicaid	<u>52,248</u>	
Total current liabilities	<u>1,119,630</u>	<u>3,078,826</u>
Current liabilities (payable from restricted assets):		
Certificates of indebtedness (due within one year)	125,000	200,000
Public Improvement Bonds (due within one year)	105,000	105,000
General obligation bonds (due within one year)	<u>185,382</u>	<u>125,382</u>
	<u>415,382</u>	<u>430,382</u>
Long-term liabilities:		
Certificates of indebtedness	1,570,000	1,825,000
Public Improvement Bonds	210,000	215,000
General obligation bonds	6,785,000	7,145,000
Notes payable less current maturities	<u>84,532</u>	<u>180,322</u>
	<u>8,649,532</u>	<u>9,365,322</u>
Fund Equity:		
Retained earnings:		
Reserved for bond indenture	2,888,875	1,828,788
Unreserved - undesignated	<u>2,408,373</u>	<u>3,838,372</u>
Total Fund Equity	<u>5,297,248</u>	<u>5,667,160</u>
	<u>\$21,231,432</u>	<u>\$28,238,320</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
 STATEMENT OF REVENUE, EXPENSES, AND RETAINED EARNINGS
 Years Ended July 31, 1990 and 1989

	<u>1990</u>	<u>1989</u>
Patient service revenue	\$28,190,408	\$27,779,480
Less allowances and uncollectible accounts	<u>12,898,887</u>	<u>2,801,318</u>
	<u>15,291,521</u>	<u>24,978,162</u>
Other operating revenue	<u>131,511</u>	<u>86,412</u>
Operating expenses:		
Salaries	8,988,583	6,837,155
Contracted services	2,188,983	6,242,534
Patient supplies	1,848,618	1,637,818
Leases	1,061,506	1,012,122
Doctors fees	1,057,264	1,388,257
Other supplies	938,668	1,138,883
Insurance	698,179	638,438
Provision for depreciation	648,730	587,143
Employee benefits	668,948	525,485
Rent	412,356	412,427
Repairs and maintenance	298,837	268,180
Food	234,466	259,096
Accounting and legal	231,800	243,856
Utilities - electricity	228,254	214,780
Taxes and licenses	217,430	197,196
Professional development	203,833	118,486
Miscellaneous	153,848	28,208
Deprec	105,352	99,887
Telephone	101,408	55,776
Training and travel	83,044	113,988
Utilities - gas	78,983	73,658
Collection fee	52,293	62,648
Utilities - water	32,659	31,288
Postage	<u>25,157</u>	<u>28,888</u>
	<u>18,448,268</u>	<u>23,321,303</u>

(Continued)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT
 STATEMENT OF REVENUE, EXPENSES, AND RETAINED EARNINGS
 Years Ended July 31, 1996 and 1995
 (Continued)

	1996	1995
Operating (loss) income	12,277,552	2,543,822
Non-operating revenues (expenses):		
Ad Valorem Taxes	2,399,879	2,367,512
Interest income	289,321	56,431
Interest expense	(765,689)	(837,874)
Gifts and Donations	---	1,388
	1,333,231	1,610,869
Net (loss) income	1444,721	4,153,690
Retained earnings, beginning of year	19,718,278	14,563,278
Retained earnings, end of year	21,162,999	18,716,968

The accompanying notes are an integral part
of these financial statements.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS

Years Ended July 31, 1996 and 1995

	1996	1995
Cash flows from operating activities:		
Net (loss) income	\$ 1444,721	\$4,183,492
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	645,730	648,143
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,353,461)	2,356,268
Increase in accounts receivable - other	(15,673)	(14,818)
Decrease (Increase) in due from Medicare and Medicaid	248,573	(248,573)
Increase (Decrease) in due to Medicare and Medicaid	93,248	(882,223)
Decrease in Inventory	8,418	328,452
Decrease (Increase) in prepaid expenses	42,056	(80,142)
Decrease in other assets	1,250	1,250
(Increase) increase in accounts payable	(2,311,697)	1,856,464
(Increase) Increase in accrued expenses	(14,281)	102,458
Net cash (used) provided in operating activities	(3,101,884)	8,053,862
Cash flows from investing activities:		
Purchases of investments	(1,508,765)	(8,082,056)
Proceeds from maturity of investments	8,493,621	
Purchases of property, plant and equipment	(673,407)	(1,378,098)
(Increase) decrease in assets whose use is limited	(1,281,382)	385,792
Net cash provided (used) in investing activities	5,029,887	(8,673,322)

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

STATEMENT OF CASH FLOWS

Years Ended July 31, 1996 and 1995
(Continued)

	<u>1996</u>	<u>1995</u>
Cash flows from financing activities:		
Principal payments on public improvement bonds	(165,000)	(165,000)
Principal payments on general obligation bonds	(315,000)	(365,000)
Principal payments on certificates of indebtedness	(200,000)	(275,000)
Proceeds from notes payable - bank		315,813
Principal payments on notes payable - bank	<u>(400,130)</u>	<u>(213,980)</u>
Net cash used in financing activities	<u>(680,130)</u>	<u>(508,167)</u>
Net (decrease)/increase in cash and cash equivalents	(553,410)	1,495,413
Cash and cash equivalents at beginning of year	<u>1,810,583</u>	<u>33,278</u>
Cash and cash equivalents at end of year	<u>\$ 1,257,173</u>	<u>\$1,810,583</u>
Supplemental disclosure of cash flow information:		
Interest paid (net of amount capitalized)	<u>\$ 300,144</u>	<u>\$ 237,074</u>

The accompanying notes are an integral part of these financial statements.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING - The accounting system of The St. Charles Parish Hospital Service District (Hospital) is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities. These include the maintenance and operation fund (including plant fund), bond and interest redemption fund, and construction fund.

BASIS OF ACCOUNTING - The Hospital's funds are maintained on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

CASH AND CASH EQUIVALENTS, AND INVESTMENTS - The Hospital maintains cash and investment accounts for the maintenance and operation fund (including plant fund), bond and interest redemption fund, and construction fund. Cash and cash equivalents include unrestricted, highly liquid investment instruments with maturities of three months or less. Unrestricted cash and cash equivalents at July 31, 1986 of \$67,381 includes demand deposits of \$308,176 and time deposits with maturities of three months or less of \$65,803. Deposits and investments are stated at cost, which approximates market.

Deposits - At year end, the carrying amount of the Hospital's demand deposits for all funds was \$1,636,343 and the bank balance was \$1,248,992. The total bank balance, \$1,248,992, was covered by Federal depository insurance of \$325,000 and by collateral held by the Hospital's agents in the Hospital's name of \$4,048,213.

Investments - Statutes authorize the Hospital to invest in various United States securities, including United States government agency obligations, certificates of deposit, passbook, and other available bank investments. All investments held at July 31, 1986 are held by the Hospital's agent in the Hospital's name and all are insured or registered (GASB Category 1).

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Uncollectible amounts due from patients are recognized as bad debts through the establishment of an allowance for uncollectible accounts. This allowance is based on prior years experience and a review of aged accounts receivable.

DUE FROM/TO MEDICARE AND MEDICAID - Revenues receivable or payable under cost reimbursement agreements for the current year and the prior year are subject to audit and retroactive adjustment by third party payors.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

INVENTORY - Inventory of supplies is valued at the lower of cost or market. Cost is determined by using the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	July 31,		Estimated Useful Lives
	1994	1993	
Land	\$ 248,597	\$ 209,931	
Buildings and improvements	11,062,788	11,875,539	50 years
Equipment	8,128,541	4,834,367	12 years
Furniture	228,224	228,224	5 years
Construction in progress	32,138		
	<u>\$19,708,288</u>	<u>\$18,288,061</u>	

Depreciation charged to income was \$649,730 and \$549,143 in 1994 and 1993, respectively.

4 PENSIONS

Substantially all employees of the Hospital are members of the Parochial Employees' Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All permanent employees working at least 28 hours per week are eligible to participate in the System. Hospital employees are eligible for normal retirement at age 60 with at least 10 years of creditable service, age 55 with at least 15 years of creditable service, or at any age with at least 30 years of creditable service. The retirement benefit for employees is equal to 3 percent of the employee's final average compensation (calculated as the average of the employee's compensation in the highest consecutive 36 months) multiplied by the employee's years of creditable service. Employees who terminate with at least 10 years of service and do not withdraw their employee contributions may retire at 60 after age 55 and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTICE TO FINANCIAL STATEMENTS
(Continued)

3 PENSION (Continued)

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. All eligible employees are required by state statute to contribute a percentage of their salaries to the System. In accordance with state statutes, the employer contributions are determined by actuarial valuation and are subject to change annually based on the results of the valuation for the prior fiscal year.

The following provides certain disclosures for the Hospital and the retirement system:

Fiscal Year Ended July 31, 1996

Total current year payroll		\$6,886,843
Total current year covered payroll		\$6,886,158
Contributions:		
Required by statute:		
Employees		0.25%
Employer	8/1/95 to 12/31/95	0.02%
Employer	1/1/96 to 7/31/96	7.35%
Total		<u>\$1,387,877</u>
Actual:		
Employees		0.25%
Employer	8/1/95 to 12/31/95	0.02%
Employer	1/1/96 to 7/31/96	7.35%
Total		<u>\$1,388,388</u>
Actuarially required:		
Employees		0.25%
Employer	8/1/95 to 12/31/95	7.33%
Employer	1/1/96 to 7/31/96	7.78%
Total		<u>\$1,387,366</u>
Percent of employer's actuarially required contributions to all System participating employers		<u>2.50%</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 PENSIONS (Continued)

For the year ended December 31, 1995, the System's unfunded pension benefit obligation was as follows:

Net Assets	\$ 647,645,308
Pension benefit obligation	1,752,800,510
Unfunded pension benefit obligation	<u>\$ 1,105,155,202</u>

The unfunded pension benefit obligation is shown as of December 31, 1995 as that was the latest information available for the System. The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help the users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERM and employees. The System does not make separate measurements of assets and pension benefit obligations for individual employees.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 1995, comprehensive annual financial report. The Hospital does not guarantee the benefits granted by the System.

4 BONDS AND CERTIFICATES OF INDEBTEDNESS

On November 20, 1990 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,470,000 of General Obligation Bonds, Series 1990 A, and \$280,000 of General Obligation Bonds (Taxable), Series 1990 B dated September 1, 1990, payable from the pledge of unlimited ad valorem taxes approved by an election held on May 5, 1990 for the purpose of expanding the hospital facilities.

On January 15, 1991 The St. Charles Parish Hospital Service District adopted a resolution issuing \$2,880,000 of Certificates of Indebtedness, Series 1991, dated February 1, 1991, payable from the pledge of limited ad valorem taxes approved by an election held January 28, 1990 for the purpose of constructing, maintaining and operating the hospital facilities, including ambulance services.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)

On January 6, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$1,000,000 of Certificates of Indebtedness, Series 1992, dated February 18, 1992, payable from the pledge of limited ad valorem taxes approved by an election held January 30, 1990 for the purpose of constructing, maintaining and operating the hospital facilities, including ambulance services.

On April 23, 1992 The St. Charles Parish Hospital Service District adopted a resolution issuing \$4,925,000 of General Obligation Bonds, Series 1992 A and \$1,500,000 of General Obligation Bonds (Taxable), Series 1992 B, payable from the pledge of unlimited ad valorem taxes approved by an election held on April 11, 1992 for the purpose of expanding the Hospital facilities.

The following is a summary of Bond Transactions of the Hospital Service District for the Years Ended July 31, 1996 and 1995:

	<u>July 31,</u>	
	<u>1996</u>	<u>1995</u>
Bonds payable, beginning of year	\$18,000,000	\$18,770,000
Less bond payments	<u>(170,000)</u>	<u>(600,000)</u>
Bonds payable, end of year	1,350,000	18,170,000
Less current maturities	<u>(170,000)</u>	<u>(170,000)</u>
Less term	<u>\$ 8,500,000</u>	<u>\$ 8,300,000</u>

Bonds payable at July 31, 1996, are comprised of the following individual issues:

Public Improvement Bonds -		
Series 1978, \$2,800,000 due in annual principal installments ranging from \$38,000 to \$185,000 through March 1, 1999, interest rate is variable from 6.70% to 8.00%	\$	210,000
General obligation Bonds -		
Series A, 1990, \$1,475,000 due in annual principal installments ranging from \$5,000 to \$125,000 through March 1, 2005, interest rate is variable from 6.70% to 10.00%		1,345,000

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 BONDS AND CERTIFICATES OF INDEBTEDNESS (Continued)

General Obligation Bonds - Series B, 1994, \$280,000 due in annual principal installments ranging from \$5,000 to \$40,000 through March 1, 2005. Interest rate is variable from 8.00% to 12.00%	\$ 245,000
Certificates of Indebtedness - Series 1991, \$2,028,000 due in annual principal installments ranging from \$140,000 to \$278,000 through February 1, 2003, interest rate at 7.25%	1,175,000
Certificates of Indebtedness - Series 1990, \$1,028,000 due in annual principal installments ranging from \$80,000 to \$160,000 through February 1, 2003, interest rate at 8.75%	730,000
General Obligation Bonds - Series A, 1992, \$4,920,000 due in annual principal installments ranging from \$100,000 to \$715,000 through March 1, 2007, interest rate is variable from 8.00% to 12.00%	4,420,000
General Obligation Bonds - Series B, 1993, \$1,300,000 due in annual principal installments ranging from \$15,000 to \$225,000 through March 1, 2007, interest rate is variable from 8.00% to 12.00%	<u>1,125,000</u>
Bonds payable at July 31, 1996	<u>\$ 8,355,000</u>

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 **DEBTS AND CERTIFICATES OF INDEBTEDNESS (Continued)**

The annual requirements to amortize all debt outstanding as of July 31, 1986, including interest payments of \$2,827,788 are as follows:

Fiscal Year Ending July 31.	
1987	\$ 1,435,458
1988	1,415,002
1989	1,418,328
2090	1,421,833
2091	1,428,300
2092-2097	<u>5,777,915</u>
	<u>\$12,897,796</u>

5 **NOTES PAYABLE OTHER**

Bank notes payable with interest rate of 10%	\$ 47,894
Bank note payable with variable interest rate based on Chase Manhattan Bank Prime + 2%	<u>112,308</u>
	159,300
Less current maturities	<u>78,748</u>
	<u>\$ 189,354</u>

Two First National Bank of St. Charles Parish notes totaling \$47,894 are secured by mortgages on equipment, which has a carrying value of \$48,276 and are payable in annual principal payments of \$22,547 due on March 1 of each year with final payments due on March 1, 1998. Regular semi-annual interest payments of all accrued interest are due on September 1, 1986 and all subsequent interest payments are due on the same day of each half year thereafter.

The Hibernia Bank note in the amount of \$112,308 is secured by a mortgage on equipment, which has a carrying value of \$177,083 and is payable in sixty (60) payments of \$4,022.56, with the final payment due May 5, 1998.

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 NOTES PAYABLE OTHER (Continued)

Maturities of long-term debt in each of the next two years are as follows:

1997	\$14,283
1998	\$84,553

3 DUE FROM MEDICARE AND MEDICAID

Approximately 43% of The St. Charles Parish Hospital Service District's gross patient revenue was generated as a provider of patient care under Medicare and other government sponsored programs. Normal billings for services to covered patients are included in gross revenues and provisions are made to reduce such billings to estimated final settlements, which are based on costs of rendering service to program beneficiaries.

Determination of such costs requires interpretation of applicable laws and regulations and the application of relatively complex cost accounting techniques.

Provision for estimated settlements under these programs as of July 31, 1996 has been recorded as \$18,248 in Due to Medicare and Medicaid.

4 POST RETIREMENT BENEFITS

The St. Charles Parish Hospital Service District provides continuing health care benefits for its retired employees. Substantially all of the Hospital's employees become eligible for these benefits if they reach normal retirement age while working for the Hospital. Monthly premiums for retired Hospital employees are paid 100 percent by the employees. The total premiums paid 100 percent by the retired employees was \$18,600 for 1996.

5 DEFERRED COMPENSATION PLAN

The Hospital offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Hospital employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

THE ST. CHARLES PARISH HOSPITAL SERVICE CONTRACT

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are owned, paid or made available to the employee or other beneficiary solely the property and rights of the Hospital without being restricted to the provisions of benefits under the plan, subject only to the claims of the Hospital's general creditors. Participants' rights under the plan are equal to those of general creditors of the Hospital in an amount equal to the market value of the deferred account for each participant.

It is the opinion of Hospital management that the Hospital has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

5 BOARD OF COMMISSIONERS

During the year ended July 31, 1996, the Board of Commissioners received per diem as follows:

	Number of Meetings Attended	Total Per Diem Paid
Thomas Charanis	14	\$480
Betty Porters	9	\$270
Rachleen Landry	12	\$400
Thomas W. Lorio	12	\$400
Carolyn Smith Boyd	13	\$400

ACCOUNTING INFORMATION

AUDITOR'S REPORT ON INFORMATION
ACCOMPANYING THE BASIC FINANCIAL STATEMENTS

Our report on our audit of the basic financial statements of The St. Charles Parish Hospital Service District for the years ended July 31, 1994 and 1995 appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information shown on pages 18-21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Metairie, Louisiana
December 20, 1994

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

INVESTMENTS

July 31, 1988

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Book Value</u>
Maintenance and Operation Fund:			
First National Bank of St. Charles Certificate of Deposit	4.44%	01/04/97	<u>\$ 100,000</u>
Bond and Interest Redemption Fund:			
First National Bank of St. Charles Certificate of Deposit	4.88%	08/31/96	\$ 51,260
Certificate of Deposit	5.50%	12/04/96	170,000
Certificate of Deposit	5.14%	01/04/97	100,000
Certificate of Deposit	5.33%	05/14/97	240,000
Hibernia National Bank Certificate of Deposit	5.14%	01/04/97	<u>780,000</u>
			<u>\$1,351,260</u>
Construction Fund:			
Hibernia National Bank Certificate of Deposit	5.14%	08/01/96	<u>\$ 462,000</u>

THE ST. CHARLES PUBLIC HOSPITAL SERVICE DISTRICT

BOND PAYABLE

July 31, 1988

	<u>Interest</u>		<u>Maturity</u> <u>Date</u>
	<u>Rate</u>	<u>Payment Dates</u>	
Maintenance and operation fund:			
Certificates of Indebtedness, Series 1982	9.25%	August 1, Feb. 1	03/01/87 02/01/88 02/01/89 02/01/2000 02/01/2001
Certificates of Indebtedness, Series 1982	9.25%	August 1, Feb. 1	03/01/87 02/01/88 02/01/89 02/01/2000 02/01/2001
Bond and Interest Redemption Fund:			
Public Improvement Bonds, Series 1974	5.70% to 5.20%	March 1, Sept. 1	03/01/97-99

THE ST. CHARLES PARISH HOSPITAL SERVICE DISTRICT

BOND PAYABLE
(Continued)

July 31, 1998

Bond and Interest Redemption Fund:	Interest		Maturity Date
	Rate	Payment Dates	
General Obligation Bonds, Series A, 1998	4.70% to 10.00%	March 1, Sept. 1	03/01/97
			03/01/98
			03/01/99-2000
			03/01/2001
			03/01/2002
			03/01/2003
			03/01/2004
			03/01/2005
General Obligation Bonds, Series B, 1998	8.00% to 12.00%	March 1, Sept. 1	03/01/97
			03/01/98
			03/01/99-2000
			03/01/2001
			03/01/2002-03
			03/01/2004-05
General Obligation Bonds, Series A, 1992	4.00% to 12.00%	March 1, Sept. 1	03/01/97
			03/01/98
			03/01/99
			03/01/2000
			03/01/2001
			03/01/2002
			03/01/2003
			03/01/2004
			03/01/2005
			03/01/2006
03/01/2007			

Annual Payments	Bonds			
	Authorized	Issued	Retired	Outstanding
\$105,000	<u>\$1,470,000</u>	<u>\$1,470,000</u>	<u>\$ 125,000</u>	\$1,345,000
120,000				
125,000				
150,000				
165,000				
175,000				
185,000				
190,000				
\$ 15,000	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 20,000</u>	\$ 280,000
15,000				
20,000				
25,000				
25,000				
40,000				
\$210,000	<u>\$4,825,000</u>	<u>\$4,825,000</u>	<u>\$ 500,000</u>	\$4,325,000
200,000				
205,000				
205,000				
200,000				
205,000				
200,000				
410,000				
400,000				
600,000				
715,000				

THE ST. CHARLES PARKER HOSPITAL SERVICE DISTRICT

BONDS PAYABLE
(Continued)

July 31, 1956

Bond and Interest Redemption Fund (Continued):	Interest		Maturity
	Rate	Payment Dates	Date
General Obligation Bonds, Series B, 1952	4.00% to 12.00%	March 1, Sept. 1	03/01/57 03/01/58 03/01/59 03/01/2000 03/01/2001 03/01/2002 03/01/2003 03/01/2004 03/01/2005 03/01/2006 03/01/2007

Annual Expense	Bonds			Outstanding
	Authorized	Issued	Retired	
\$ 15,000	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$ 00,000</u>	\$1,100,000
30,000				
45,000				
60,000				
75,000				
90,000				
105,000				
120,000				
135,000				
150,000				
165,000				
180,000				
225,000				
		Total		<u>\$7,100,000</u>
		Term within one year		\$ 000,000
		Long-Term		<u>\$ 700,000</u>
		Total		<u>\$7,100,000</u>

COMPLIANCE SECTION

VINCENT A. MESSINA, JR.

A PROFESSIONAL ACCOUNTING CORPORATION

Vincent A. Messina, Jr., CPA
Edward M. O'Malley, CPA
Gaston M. O'Malley, CPA
Anne M. Messina-CPA

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL BASED
ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
The St. Charles Parish Hospital Service District
Luling, Louisiana

We have audited the financial statements of The St. Charles Parish Hospital Service District as of and for the year ended July 31, 1998, and have issued our report thereon dated December 20, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Hospital, for the year ended July 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal controls would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management of the Hospital, St. Charles Parish, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Vincent A. Messing APAC

December 20, 1996
Baton Rouge, Louisiana

VINCENT A. MESSINA, JR.

A PROFESSIONAL ACCOUNTING CORPORATION

Vincent A. Messina, Jr., CPA
Edward M. O'Malley, CPA
Stanley M. O'Malley, CPA
Anne M. Messina, CPA

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Commissioners

The St. Charles Parish Hospital Service District
Luling, Louisiana

We have audited the financial statements for The St. Charles Parish Hospital Service District as of and for the year ended July 31, 1994, and have issued our report thereon dated December 20, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Hospital is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management of the Hospital, St. Charles Parish, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Vincent A. Messina, Jr. APAC

December 20, 1994